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COMBEST HOLDINGS LIMITED
康佰控股有限公司*

(incorporated in the Cayman Islands with limited liability)

(Stock code: 8190)

RESULTS ANNOUNCEMENT FOR THE YEAR ENDED 30 JUNE 2017

CHARACTERISTICS OF THE GROWTH ENTERPRISE MARKET ("GEM") OF THE STOCK EXCHANGE OF HONG KONG LIMITED (THE "STOCK EXCHANGE")

GEM has been positioned as a market designed to accommodate companies to which a higher investment risk may be attached than other companies listed on the Stock Exchange. Prospective investors should be aware of the potential risks of investing in such companies and should make the decision to invest only after due and careful consideration. The greater risk profile and other characteristics of GEM mean that it is a market more suited to professional and other sophisticated investors.

Given the emerging nature of companies listed on GEM, there is a risk that securities traded on GEM may be more susceptible to high market volatility than securities traded on the Main Board and no assurance is given that there will be a liquid market in the securities traded on GEM.

This announcement, for which the directors (the "Directors") of Combest Holdings Limited (the "Company") collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this announcement is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this announcement misleading.

* *For identification purposes only*

FINANCIAL AND BUSINESS HIGHLIGHTS

The financial and business highlights of the Combest Holdings Limited (the "Company") and its subsidiaries (collectively, the "Group") for the year ended 30 June 2017 are presented as follows:

	Continuing operations		**Discontinued operations**		**Total**	
	2017	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)
Revenue	**53,570**	31,531	**17,459**	75,681	**71,029**	107,212
Profit/(Loss) for the year attributable to owners of the Company	**11,911**	17,066	**41,184**	(101,386)	**53,095**	(84,320)
Earnings/(Loss) per share						
– basic	**0.32 cents**	0.51 cents	**1.13 cents**	(3.01) cents	**1.45 cents**	(2.50) cents
– diluted	**0.32 cents**	0.51 cents	**1.13 cents**	(3.01) cents	**1.45 cents**	(2.50) cents

No dividends have been paid or declared by the Company during the years ended 30 June 2017 and 2016.

RESULTS

The board of Directors (the "Board") wishes to announce the consolidated results of the Group for the year ended 30 June 2017, together with the audited comparative figures for the year ended 30 June 2016 as follows:

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 30 June 2017

	Notes	**2017** *HK$'000*	2016 *HK$'000* (Restated)
Continuing operations			
Revenue	*4*	**53,570**	31,531
Staff costs		**(3,140)**	(3,790)
Other operating expenses		**(10,109)**	(1,942)
Finance costs	*7*	**(24,958)**	(3,609)
Profit before income tax	*6*	**15,363**	22,190
Income tax expenses	*8*	**(1,401)**	(5,124)
Profit for the year from continuing operations		**13,962**	17,066
Discontinued operations			
Profit/(Loss) for the period/year from discontinued operations	*10*	**41,023**	(101,599)
Profit/(Loss) for the year		**54,985**	(84,533)
Other comprehensive income, net of tax			
Item that may be reclassified subsequently to profit or loss:			
Exchange loss on translation of financial statements of foreign operations		**(3,347)**	(14,518)
Release of exchange reserve upon disposal of subsidiaries		**(30,569)**	–
Other comprehensive income for the year, net of tax		**(33,916)**	(14,518)
Total comprehensive income for the year		**21,069**	(99,051)

	Notes	2017 HK$'000	2016 HK$'000 (Restated)
Profit/(Loss) for the period/year attributable to:			
Owners of the Company			
Profit for the year from continuing operations		**11,911**	17,066
Profit/(Loss) for the period/year from discontinued operations		**41,184**	(101,386)
		53,095	(84,320)
Non-controlling interests			
Profit for the year from continuing operations		**2,051**	–
Loss for the period/year from discontinued operations		**(161)**	(213)
		1,890	(213)
		54,985	(84,533)
Total comprehensive income attributable to:			
Owners of the Company		**19,209**	(98,573)
Non-controlling interests		**1,860**	(478)
		21,069	(99,051)
Earning/(Loss) per share for profit/(loss) attributable to owners of the Company	*11*		
From continuing and discontinued operations			
– Basic *(HK cent(s))*		**1.45**	(2.50)
– Diluted *(HK cent(s))*		**1.45**	(2.50)
From continuing operations			
– Basic *(HK cent(s))*		**0.32**	0.51
– Diluted *(HK cent(s))*		**0.32**	0.51

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2017

	Notes	30 June 2017 HK$'000	30 June 2016 HK$'000 (Restated)	1 July 2015 HK$'000 (Restated)
ASSETS AND LIABILITIES				
Non-current assets				
Property, plant and equipment		**–**	2,706	2,705
Available-for-sale investments	*12*	**242,107**	–	–
Intangible assets		**1,093**	22,967	138,130
Goodwill	*13*	**230,518**	62,740	–
		473,718	88,413	140,835
Current assets				
Financial asset through profit or loss	*18(i)*	**–**	–	–
Inventories		**–**	64,157	56,639
Accounts receivables	*14*	**25,523**	3,345	4,873
Loan receivables	*15*	**234**	213,247	–
Prepayments, deposits and other receivables		**80,277**	42,865	63,972
Cash and cash equivalents		**5,729**	21,345	32,854
		111,763	344,959	158,338
Current liabilities				
Accounts payables	*16*	**10,712**	12,746	8,092
Other payables, deposits and accruals		**1,193**	37,161	31,108
Interest-bearing borrowings	*17*	**367,483**	180,259	–
Promissory notes		**–**	66,649	–
Provision for product warranty		**–**	427	466
Tax payables		**3,823**	10,341	5,426
		383,211	307,583	45,092
Net current (liabilities)/assets		**(271,448)**	37,376	113,246
Total assets less current liabilities		**202,270**	125,789	254,081

	Notes	30 June 2017 HK$'000	30 June 2016 HK$'000 (Restated)	1 July 2015 HK$'000 (Restated)
Non-current liabilities				
Provision for product warranty		**–**	220	371
Deferred tax liabilities		**–**	5,442	34,532
		–	5,662	34,903
Net assets		**202,270**	120,127	219,178
EQUITY				
Equity attributable to owners of the Company				
Share capital	*20*	**38,415**	32,015	32,015
Reserves		**159,670**	84,486	183,059
		198,085	116,501	215,074
Non-controlling interests		**4,185**	3,626	4,104
Total equity		**202,270**	120,127	219,178

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 30 June 2017

	Equity attributable to owners of the Company							
	Share capital *HK$'000* *(note 20)*	**Share premium*** *HK$'000*	**Statutory reserves*** *HK$'000*	**Exchange reserve*** *HK$'000*	**Accumulated losses*** *HK$'000*	**Sub-total** *HK$'000*	**Non-controlling interests** *HK$'000*	**Total equity** *HK$'000*
Balance at 1 July 2016, as restated	**32,015**	**458,371**	**9,482**	**33,914**	**(417,281)**	**116,501**	**3,626**	**120,127**
Profit for the year	**–**	**–**	**–**	**–**	**53,095**	**53,095**	**1,890**	**54,985**
Other comprehensive income								
Item that may be reclassified subsequently to profit or loss:								
– Exchange loss on translation of financial statements of foreign operations	**–**	**–**	**–**	**(3,317)**	**–**	**(3,317)**	**(30)**	**(3,347)**
Release of exchange reserve upon disposal of subsidiaries *(note 10(c))*	**–**	**–**	**–**	**(30,569)**	**–**	**(30,569)**	**–**	**(30,569)**
Total comprehensive income for the year	**–**	**–**	**–**	**(33,886)**	**53,095**	**19,209**	**1,860**	**21,069**
Issue of shares upon share placing, net of share placing expenses *(note 20)*	**6,400**	**55,975**	**–**	**–**	**–**	**62,375**	**–**	**62,375**
Non-controlling interests arising on business combination *(note 18(i))*	**–**	**–**	**–**	**–**	**–**	**–**	**2,134**	**2,134**
Disposal of subsidiaries *(note 10(c))*	**–**	**–**	**(9,482)**	**–**	**9,482**	**–**	**(3,435)**	**(3,435)**
Transactions with owners	**6,400**	**55,975**	**(9,482)**	**–**	**9,482**	**62,375**	**(1,301)**	**61,074**
Balance at 30 June 2017	**38,415**	**514,346**	**–**	**28**	**(354,704)**	**198,085**	**4,185**	**202,270**

	Equity attributable to owners of the Company							
	Share capital *HK$'000* *(note 20)*	Share premium* *HK$'000*	Statutory reserves* *HK$'000*	Exchange reserve* *HK$'000*	Accumulated losses* *HK$'000*	Sub-total *HK$'000*	Non-controlling interests *HK$'000*	Total equity *HK$'000*
Balance at 1 July 2015, as restated	32,015	458,371	9,482	48,167	(332,961)	215,074	4,104	219,178
Loss for the year, as restated	–	–	–	–	(84,320)	(84,320)	(213)	(84,533)
Other comprehensive income, as restated								
Item that may be reclassified subsequently to profit or loss, as restated:								
– Exchange loss on translation of financial statements of foreign operations, as restated	–	–	–	(14,253)	–	(14,253)	(265)	(14,518)
Total comprehensive income for the year, as restated	–	–	–	(14,253)	(84,320)	(98,573)	(478)	(99,051)
Balance at 30 June 2016, as restated	32,015	458,371	9,482	33,914	(417,281)	116,501	3,626	120,127

* *These reserve accounts comprise the consolidated reserves of approximately HK$159,670,000 (2016: HK$84,486,000 (restated)) in the consolidated statement of financial position.*

Notes:

1. General information

The Company is incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands on 28 August 2001 and its shares are listed on the Growth Enterprise Market (the "GEM") of The Stock Exchange of Hong Kong Limited (the "Stock Exchange"). The registered office of the Company is located at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman KY1-1111, Cayman Islands and its principal place of business is Flat M-N, 24/F, Houston Industrial Building, 32-40 Wang Lung Street, Tsuen Wan, New Territories, Hong Kong.

2. Basis of preparation

The consolidated financial statements of the Group for the year ended 30 June 2017 have been prepared in accordance with Hong Kong Financial Reporting Standards ("HKFRSs") which collective term includes all applicable individual Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). The consolidated financial statements also include applicable disclosure requirements of the Hong Kong Companies Ordinance and the Rules Governing the Listing of Securities on the GEM of the Stock Exchange.

The comparative consolidated statement of comprehensive income and consolidated statement of cash flows and their corresponding notes have been restated in accordance with HKFRS 5 "Non-current Assets Held For Sale and Discontinued Operations" as if operations discontinued during the current year had been discontinued at the beginning of the comparative period.

The consolidated financial statements have been prepared on the going concern basis which assumes the realisation of assets and satisfaction of liabilities in the ordinary course of business notwithstanding that the Group had net current liabilities of approximately HK$271,448,000 as at 30 June 2017. The directors are of the opinion that the Group will have sufficient resources to satisfy its working capital and other financing requirement in the foreseeable future based on (i) on 30 August 2017, the Group has been granted an extension on an existing loan facility of HK$450,000,000 (HK$190,000,000 was utilised as at 30 June 2017) which originally mature on 29 December 2017 for another one year *(note 17)*; and (ii) on 30 August 2017, the Group has obtained and drawn down a new one-year loan of HK$100,000,000 from an independent third party to repay another existing loan of HK$100,000,000 which was supposed to mature on 25 September 2017 *(note 17)*. Accordingly, the consolidated financial statements have been prepared on a going concern basis.

The consolidated financial statements have been prepared under the historical cost convention except for those financial asset stated at fair value, which is measured at fair value.

2. Basis of preparation (Continued)

The presentation currency of the Company in prior years was Renminbi ("RMB"). The directors of the Company considered that (i) along with the disposal of Diamond Globe Group *(note 10)* and acquisition of the Ultra Group *(note 18(i))*, most of the Group's transactions are denominated and settled in Hong Kong Dollars ("HK$"); and (ii) the change in the presentation currency could also reduce the impact of any fluctuations in the exchange rate of the RMB against the HK$, which is not due to the operations and beyond the control of the Group, on the consolidated financial statements of the Group, enabling the shareholders of the Company to have a more accurate picture of the Group's financial performance. The change in presentation currency of the Company has been applied retrospectively in accordance with HKAS 8 "Accounting Policies, Change in Accounting Estimates, and Errors" and the comparative figures as at 1 July 2015 and 30 June 2016 and for the year ended 30 June 2016 have been retranslated to HK$ and restated accordingly.

Upon the change, the functional currency and the presentation currency of the Company is HK$, the currency of the primary economic environment in which the principal subsidiaries of the Company operates.

3. Principal accounting policies

In the current year, the Group has applied for the first time the following amendments issued by the HKICPA, which are relevant to and effective for the Group's financial statements for the annual period beginning on 1 July 2016:

Amendments to HKAS 1	Disclosure initiative
Amendments to HKAS 16 and HKAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation
HKFRSs Amendments	Annual Improvements to HKFRSs 2012-2014 Cycle

The adoption of the above amendments has no material impact on the Group's consolidated financial statements.

The Group has not early adopted any new/amended HKFRSs that have been issued but are not yet effective in the consolidated financial statements.

4. Revenue

Revenue from continuing operations represents (i) the loan interest income from money lending business; (ii) advisory services income earned from the provision of consultancy services, and company secretarial services; and (iii) management fee income from fund management business. As described in more details in note 10, the Diamond Globe Group was disposed of on 28 October 2016 which generated revenue of the net invoiced value of goods sold, after allowances for return and trade discounts where applicable. An analysis of the Group's revenue is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Loan interest income	**14,680**	4,246
Advisory services income	**26,755**	27,285
Management fee income	**12,135**	–
	53,570	31,531
Discontinued operations		
Sales of goods	**17,459**	75,681

5. Segment information

The executive directors have identified the Group's five business lines as reportable segments:

(a) Money lending represents provision of credit;

(b) Advisory service includes provision of consultancy services, and company secretarial services;

(c) Fund management business represents the investment management service to investment funds and managed accounts;

(d) Functional healthcare products includes mattresses, magnetic chairs, pillows, blankets, food supplements, air ionizer products, other bedroom accessories and a range of functional healthcare clothes and accessories; and

(e) OEM consumer electronics products include RS connectors and transmitters for consumer electronics products.

5. Segment information (Continued)

There were no inter-segment sales and transfers during the year (2016: Nil).

	Continuing operations						Discontinued operations					
	Money lending		Advisory services		Fund management		Functional healthcare products		OEM consumer electronic products		Total	
	2017	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016	**2017**	2016
	HK$'000	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*	***HK$'000***	*HK$'000*
		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)		(Restated)
Revenue												
– From external customers												
Reportable segment revenue	**14,680**	4,246	**26,755**	27,285	**12,135**	–	**14,992**	55,741	**2,467**	19,940	**71,029**	107,212
Reportable segment profit/(loss) before tax	**13,310**	4,240	**25,167**	26,817	**1,865**	–	**(7,404)**	(128,117)	**(457)**	(416)	**32,481**	(97,476)
Depreciation of property, plant and equipment	**–**	–	**–**	–	**–**	–	**205**	513	**7**	22	**212**	535
Amortisation of intangible assets	**–**	–	**–**	–	**–**	–	**–**	6,592	**–**	–	**–**	6,592
Addition of provision for product warranty	**–**	–	**–**	–	**–**	–	**–**	101	**–**	–	**–**	101
Write-down on inventories	**–**	–	**–**	–	**–**	–	**–**	12,630	**–**	–	**–**	12,630
Impairment of property, plant and equipment	**–**	–	**–**	–	**–**	–	**–**	1,235	**–**	–	**–**	1,235
Impairment of intangible assets	**–**	–	**–**	–	**–**	–	**–**	99,135	**–**	–	**–**	99,135
Interest expenses on interest-bearing borrowings	**1,334**	260	**–**	–	**4,123**	–	**–**	–	**–**	–	**5,457**	260
Reportable segment assets	**343**	213,247	**67,340**	62,740	**430,977**	–	**–**	130,677	**–**	5,363	**498,660**	412,027
Additions to non-current segment assets during the year	**–**	–	**–**	–	**–**	–	**–**	1,944	**–**	20	**–**	1,964
Reportable segment liabilities	**86,220**	180,264	**169**	258	**291,988**	–	**–**	46,640	**–**	953	**378,377**	228,115

5. Segment information (Continued)

The total represented for the Group's operation segments reconcile to the Group's key financial figures as presented in the consolidated financial statements as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Reportable segment revenue	**71,029**	107,212
Reportable segment profit/(loss)	**32,481**	(97,476)
Imputed interest on promissory notes	**(3,351)**	(3,349)
Unallocated expenses *(note a)*	**(21,628)**	(5,518)
Segment loss before income tax from discontinued operations *(note 10(a))*	**7,861**	128,533
Profit before income tax from continuing operations	**15,363**	22,190

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Reportable segment assets	**498,660**	412,027
Other corporate assets *(note b)*	**86,821**	21,345
Group assets	**585,481**	433,372
Reportable segment liabilities	**378,377**	228,115
Tax payables	**3,823**	10,341
Deferred tax liabilities	**–**	5,442
Promissory notes	**–**	66,649
Other corporate liabilities	**1,011**	2,698
Group liabilities	**383,211**	313,245

Notes:

(a) Unallocated expenses mainly included unallocated interest expense.

(b) Other corporate assets mainly included unallocated other receivables.

5. **Segment information (Continued)**

The Group's revenues from external customers and its non-current assets are divided into the following geographical areas:

	Revenue from external customers	
	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Principal markets		
Hong Kong (city of domicile)	**43,273**	47,014
The People's Republic of China (the "PRC")	**15,187**	55,801
Cayman Islands	**12,135**	–
Macau	**–**	–
Taiwan	**216**	4,397
Europe	**218**	–
	71,029	107,212

As at year ended 30 June 2017, the Group's total non-current assets located in Hong Kong, the PRC, Cayman Islands and Macau are approximately HK$62,740,000 (2016: HK$62,740,000 (restated)), HK$1,093,000 (2016: HK$25,673,000 (restated)), HK$242,107,000 (2016: Nil) and HK$167,778,000 (2016: Nil) respectively.

The Group's revenue by geographical location is determined based on locations of customers. The Group's specified non-current assets by geographical locations are determined based on physical location of the assets or location of operation in case of goodwill.

For the year ended 30 June 2017, there was one (2016: one) customer from the Group's advisory services segment amounted to HK$18,270,000 (2016: HK$14,420,000 (restated)), which represent 10% or more of the Group's revenues.

6. **Profit before income tax**

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Profit before income tax is arrived at after charging:		
Auditor's remuneration*	**800**	800
Amortisation of intangible assets	**109**	–
Consultancy fee in respect of fund management business*	**6,068**	–
Depreciation of property, plant and equipment	**110**	–
Operating lease rentals in respect of land and buildings*	**120**	–
Staff cost (excluding director's remuneration)		
– Salaries and wages	**1,836**	1,545
– Pension scheme contribution	**27**	9
	1,863	1,554

* *Included in other operating expenses*

7. Finance costs

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Interest charges on financial liabilities at amortised cost:		
– Interest-bearing borrowings*	**21,607**	260
– Imputed interest on promissory notes	**3,351**	3,349
	24,958	3,609

* *During the year, a transaction cost amounting to HK$32,300,000 was incurred by the Group for obtaining a loan facility of HK$450,000,000. Such transaction cost was recognised to the loan drawdown under this loan facility at initial recognition and amortised over the loan facility period (note 17). Accordingly, for the year ended 30 June 2017, interest expenses on interest-bearing borrowings amounting to HK$21,607,000 included an amortised transaction cost of approximately HK$16,150,000. Excluding this amortised transaction cost, the effective interest rate of the Group's interest-bearing borrowings as at 30 June 2017 ranged from 5% to 6% per annum.*

8. Income tax expenses

Taxes on assessable profits have been calculated at the rates of tax prevailing in the jurisdictions in which the Group operates, based on existing legislation, interpretations and practices in respect thereof.

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Continuing operations		
Current tax		
– Hong Kong	**830**	5,124
– Macau	**571**	–
Income tax expenses	**1,401**	5,124

9. Dividends

The Board did not recommend the payment of any final dividend in respect of the year ended 30 June 2017 (2016: Nil).

10. Discontinued operations

On 20 September 2016, the Group entered into a sale and purchase agreement to dispose of Diamond Globe Group, which composes of functional healthcare business and OEM consumer electronics business, at a cash consideration of HK$100,000,000 to Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company. The Disposal was completed on 28 October 2016 (the "Disposal Date"). The Disposal constitute a discontinued operation under "HKFRS 5 Non-current Assets Held for Sale and Discontinued Operations" (the "Discontinued Operations") as functional healthcare business and OEM customer electronics business represent the Group's two major lines of business. The sales, results, cash flows and net assets of Discontinued Operations were as follows:

(a) Analysis of the results of the Discontinued Operations:

	Period from 1 July 2016 to the Disposal Date	2016
	HK$'000	*HK$'000*
		(Restated)
Loss for the period/year	**(7,861)**	(101,599)
Gain arising from the disposal of subsidiaries	**48,884**	–
	41,023	(101,599)

	Period from 1 July 2016 to the Disposal Date	2016
	HK$'000	*HK$'000*
		(Restated)
Revenue	**17,459**	75,681
Cost of sales	**(16,730)**	(59,599)
Gross profit	**729**	16,082
Other income and gains	**88**	84
Selling expenses	**(6,202)**	(22,949)
Administrative expenses	**(2,476)**	(21,380)
Impairment of intangible assets	**–**	(99,135)
Impairment of property, plant and equipment	**–**	(1,235)
Loss before income tax	**(7,861)**	(128,533)
Income tax credit	**–**	26,934
Loss for the period/year	**(7,861)**	(101,599)

10. Discontinued operations (Continued)

(b) Analysis of the cash flows of the Discontinued Operations:

	Period from 1 July 2016 to the Disposal Date	2016
	HK$'000	*HK$'000* (Restated)
Net cash inflow from operating activities	**9,665**	1,849
Net cash outflow from investing activities	**–**	(1,906)
Net cash inflow/(outflow) from Discontinued Operations	**9,665**	(57)

(c) Gain on disposal of subsidiaries:

	HK$'000
Net assets disposed of:	
Property, plant and equipment	2,436
Intangible assets	22,767
Inventories	58,221
Trade receivables	2,557
Cash and cash equivalents	31,642
Prepayments and deposits	11,392
Trade payables	(8,655)
Accruals and other payables	(26,238)
Provision of warranty	(642)
Tax payable	(2,965)
Deferred tax liabilities	(5,395)
Non-controlling interests	(3,435)
	81,685
Release of exchange reserve upon disposal of subsidiaries	(30,569)
Gain on disposal of subsidiaries	48,884
	100,000

10. **Discontinued operations (Continued)**

(c) ***Gain on disposal of subsidiaries: (Continued)***

An analysis of the net cash flow arising on disposal of the Discontinued Operations was as follows:

	HK$'000
Cash consideration	100,000
Cash and cash equivalents disposed of	(31,642)
Net cash inflows arising from disposal of subsidiaries	68,358

For the purpose of presenting the Discontinued Operations, the comparative consolidated statement of comprehensive income and the related notes have been re-presented as if the Discontinued Operations during the year had been discontinued at the beginning of the comparative period.

11. **Earning/(Loss) per share**

For continuing and discontinued operations:

Basic

The calculation of basic earning/(loss) per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Profit/(Loss) for the period/year attributable to the owners of the Company	**53,095**	(84,320)

	No. of shares	No. of shares
	'000	*'000*
		(Restated)
Weighted average number of ordinary shares in issue during the year after the adjustment of share bonus elements in share issued under the share placing as set out in note 20 used in the basic earning/(loss) per share calculation	**3,658,132**	3,373,217

Diluted

Diluted earning/(loss) per share for both years was the same as the basic earning/(loss) per share as there was no potential dilutive ordinary share issued during the year.

11. Earning/(Loss) per share (Continued)

For continuing operations:

Basic

The calculation of basic earnings per share attributable to the owners of the Company is based on the following data:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Profit/(Loss) for the period/year attributable to the owners of the Company	**53,095**	(84,320)
(Profit)/Loss for the period/year from discontinued operations	**(41,184)**	101,386
Profit for the year from continuing operations	**11,911**	17,066

The denominators used are the same as those detailed above for both basic and diluted earnings per share.

For discontinued operations:

Basic and diluted earnings per share of the discontinued operations is HK1.13 cents per share (2016: Basic and diluted loss per share HK3.01 cents per share) based on the profit for the period from the discontinued operations of approximately HK$41,184,000 (2016: loss for the year HK$101,386,000) and the denominators of 3,658,132,000 (2016: 3,373,217,000 (restated)) ordinary shares.

The comparative figures for the basic and diluted loss per share for the year ended 30 June 2016 are restated to take into account of the effect of the above bonus elements arising from the share placing completed during the year retrospectively as if they had taken place since the beginning of the comparative period.

12. Available-for-sale investments

	2017	2016
	HK$'000	*HK$'000*
Unlisted fund investments, at cost	**242,107**	–

At the end of the reporting period, the Group has three (2016: Nil) unlisted fund investments.

(i) On 29 March 2017, TAR Fund Management (Cayman) Limited ("TAR Fund Management"), an entity became a non wholly-owned subsidiary of the Company since 12 April 2017, entered into a subscription agreement to contribute a total amount of HK$100,000,000 for the subscription of approximately 10,000 non-redeemable, non-voting participating shares of Tap Growth Fund SP II ("Tap Fund II") which was incorporated in the Cayman Islands. The amount of the Group's contribution in Tap Fund II represents 14.3% of the total commitment of this fund. As at 30 June 2017, the carrying value of the Tap Fund II is approximately HK$100,000,000.

(ii) On 1 May 2017, Ample Success Developments Limited, a wholly-owned subsidiary of the Company, entered into two subscription agreements to contribute total amounts of HK$71,666,000 and HK$70,441,000 respectively for the subscription of approximately 7,000 and 7,000 non-redeemable, non-voting participating shares of TAR High Value Fund SP II ("TAR Fund II") and TAR High Value Fund SP III ("TAR Fund III") respectively which were incorporated in the Cayman Islands. The amounts of the Group's contribution in TAR Fund II and TAR Fund III represents 10.7% and 10.5% of the respective total commitment of these two funds. As at 30 June 2017, the carrying values of the TAR Fund II and TAR Fund III are approximately HK$71,666,000 and HK$70,441,000 respectively.

The investment objective of the unlisted funds is to invest in debt instruments of financial services vehicles.

Given that the Group has no power to govern or participate in the financial and operating policies of the investment entities so as to obtain benefits from its activities and does not intend to trade for short-term profit, the directors of the Company designated the unlisted fund investments as available-for-sales investments accordingly.

As at 30 June 2017, the funds mentioned in note (ii) above amounting to approximately HK$142,107,000 are under the management of the Group and from which the Group earns fees from the provision of fund management service.

As at the end of the reporting period, the unlisted fund investments classified as available-for-sale investments are stated at cost less impairment because the directors of the Company are of the opinion that their fair values cannot be measured reliably.

13. Goodwill

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
At beginning of year	**62,740**	–
Business combination *(note 18(i) and note (b))*	**167,778**	62,740
At end of year	**230,518**	62,740

Notes:

(a) For the year ended 30 June 2017, the recoverable amount of the CGU of advisory service business has been determined based on a value–in-use calculation using cash flow projection based on the financial budgets covering a five-year period approved by the senior management. The valuation of the CGU is made by reference to the valuation report issued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer. Key estimates and assumptions used for determining the recoverable amount of the CGU are as follows:

Growth rate during the five-year period	3% (2016: 3%)
Pre-tax discount rate	22% (2016: 22%)
Growth rate to extrapolate cash flow projections	3% (2016: 3%)

Estimates and assumptions are determined by the management based on the past performance of the segment and management's expectation for the market development.

With reference to the assessment, the directors are of the view that the recoverable amount of the CGU of advisory services business is estimated to be HK$83,000,000 (2016: HK$92,000,000), which exceeds its carrying amount of HK$62,740,000 (2016: HK$62,740,000) and thus there is no impairment indication.

(b) For the year ended 30 June 2017, the recoverable amount of the CGU of fund management business has been determined based on a value-in-use calculation using cash flow projection based on the financial budgets covering a five-year period approved by the senior management. The valuation of the CGU is made by reference to the valuation report issued by APAC Asset Valuation and Consulting Limited, an independent qualified professional valuer. Key estimates and assumptions used for determining the recoverable amount of the CGU are as follows:

Growth rate during the five-year period	Nil
Pre-tax discount rate	17%
Growth rate to extrapolate cash flow projections	3%

13. Goodwill (Continued)

Notes: (Continued)

(b) *(Continued)*

Estimates and assumptions are determined by the management based on the past performance of the segment and management's expectation for the market development.

With reference to the assessment, the directors are of the view that the recoverable amount of the CGU of fund management business is estimated to be US$61,000,000 (equivalent to approximately HK$475,800,000), which exceeds its carrying amount of HK$167,778,000 and thus there is no impairment indication.

14. Accounts receivables

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Management fee receivables	**20,923**	–
Advisory fee receivables	**4,600**	–
Receivables from sales of goods	**–**	3,345
	25,523	3,345

Ageing analysis of accounts receivables as at the respective reporting dates, based on invoice date and net of provision, are as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
0-30 days	**8,064**	695
31-90 days	**8,485**	1,870
91-360 days	**8,974**	770
Over 360 days	**–**	10
	25,523	3,345

The Group allows a credit period from 30 to 90 days (2016: 30 to 90 days) to its customers from advisory service business and trading business for the year ended 30 June 2017. Management fees receivables from fund management activities are mainly due at the end of the relevant valuation period of the investment funds and managed accounts.

15. Loan receivables

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Fixed-rate loan receivables		
– On demand or within one year	**234**	213,247

As at 30 June 2017, the interest rate on the Group's loan receivables is 18% (2016: 12%-24%) per annum.

16. Accounts payables

An aging analysis of the accounts payables, based on invoice dates, is as follows:

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
0-30 days	**1,972**	1,366
31-90 days	**4,126**	3,357
91-360 days	**4,614**	6,935
Over 360 days	**–**	1,088
	10,712	12,746

The Group was granted by its creditors with a credit period of 1 year for the year ended 30 June 2017 (2016: 30 to 90 days).

17. Interest-bearing borrowings

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
Bank overdraft	**22**	–
Other loans: *(note)*		
– Secured	**–**	180,259
– Guaranteed	**191,920**	–
– Unsecured	**175,541**	–
	367,483	180,259

17. Interest-bearing borrowings (Continued)

	2017	2016
	HK$'000	*HK$'000*
		(Restated)
On demand or within one year	**367,483**	180,259

Note: Other loans amounting to approximately HK$367,461,000 obtained from independent third parties (2016: HK$180,259,000) have the maturity period of 1 year (2016: 1 year) and with repayment on demand clause are carried at amortised cost and classified under current liabilities. Interest rates of the Group's other loans ranged from 5% to 6% (2016: 1%) per annum. The details of the finance costs related to the Group's other loans are set out in note 7.

As at 30 June 2017, one of the other loans amounting to approximately HK$191,920,000 is guaranteed by the Company.

As at 30 June 2016, other loan amounting to approximately HK180,259,000 was secured by the entire ordinary shares of Gold Smart Finance Limited (formerly known as Hugh Rich Finance Limited), a subsidiary of the Company.

During the year, the Group has obtained loan facilities of HK$1,000,000,000 (2016: HK$200,000,000) of which a total of approximately HK$367,461,000 (2016: HK$180,259,000) have been utilised by the Group as at 30 June 2017.

On 30 August 2017, one of the Group's existing loan facilities of HK$450,000,000, with the carrying amount of loan drawn down amounting to approximately HK$191,920,000 as at 30 June 2017 and the original maturity date on 29 December 2017, has been granted a further one year extension with the new maturity date on 29 December 2018.

On 30 August 2017, the Group has further obtained and drawn down a new one-year loan of HK$100,000,000 from an independent third party to repay another existing loan on 31 August 2017 with carrying amount of HK$101,289,000 as at 30 June 2017 which was supposed to mature on 25 September 2017.

The directors of the Company estimate the fair value of these interest-bearing borrowings by discounting their future cash flows at the market rate and the directors consider that the carrying amounts of the Group's interest bearing borrowings approximate to their fair values at each reporting date.

18. Business combination

(i) Acquisition of Ultra Group

On 1 April 2017, the Company entered into a sale and purchase agreement dated 1 April 2017 (the "Agreement") with Novel Shine Limited (the "Vendor"), an independent third party and a company incorporated in BVI, to acquire 51% equity interests in Ultra Group at a cash consideration of HK$170,000,000. Ultra Group is principally engaged in the provision of fund management services. The acquisition was completed on 12 April 2017 (the "Acquisition Date 1"). The acquisition will enable the Group to broaden its income based and to tap into the fund management business, which should be beneficial to the future growth of the Group.

The fair values of the identifiable assets and liabilities of Ultra Group as at the Acquisition Date 1 are as follows:

	HK$'000
Cash and cash equivalents	135
Prepayment and other receivables	109,127
Accounts and other payables	(4,906)
Interest-bearing borrowings	(100,000)
Net assets acquired	4,356
Non-controlling interests	(2,134)
Fair value of net identifiable assets acquired	2,222
Less: Cash consideration	(170,000)
Goodwill *(note 13)*	167,778
Analysis of cash flows on the acquisition	
Cash consideration	170,000
Cash and cash equivalents in subsidiaries acquired	(135)
Net cash outflows arising from business combination	169,865

Notes:

(a) The goodwill arising from the acquisition of Ultra Group represents the synergetic effect by enabling the Group to provide fund management services to its clients in more efficient and cost-effective manner by taking the advantages of Ultra Group's current client base of fund management services.

(b) Ultra Group has contributed revenue of approximately US$1,562,000 (equivalent to approximately HK$12,135,000) and net profit of approximately US$539,000 (equivalent to approximately HK$4,184,000) to the Group since the Acquisition Date 1 to 30 June 2017. Had the acquisition occurred on 1 July 2016, consolidated revenue and consolidated profit for the year would have been approximately HK$66,575,000 and HK$22,158,000 respectively.

18. Business combination (Continued)

(i) Acquisition of Ultra Group (Continued)

Profit guarantee arrangement

According to the Agreement, there was an arrangement of profits guarantee whereas the Vendor irrevocably and unconditionally warrants and guarantees to the Group that the actual profit before tax of the Ultra Group (the "Actual Profit") from 1 January 2017 to 31 December 2017 shall be at least HK$30,000,000 (the "Guaranteed Profit"). In the event that the Actual Profit shall be less than the Guaranteed Profit, the Vendor shall compensate the Group for the sum being calculated as the shortfall (i.e. the Guaranteed Profit less Actual Profit) multiplied by factors of 11.12 and 51%, which derived to the maximum compensation limited to HK$170,000,000, the consideration of the acquisition.

The fair value of the profits guarantee arrangement at the Acquisition Date 1 was assessed by the directors of the Company with reference to the independent valuation as performed by an independent qualified professional valuer, APAC Asset Valuation and Consulting Limited, based on different scenarios of the profit forecast made by the Ultra Group, assigning with the appropriate probability to each scenario. The fair value of the profit guarantee arrangement, which recognised as financial asset through profit or loss, is nil as at the Acquisition Date 1 and the reporting date.

(ii) Acquisition of Giant Goal Limited, an investment holding company incorporated in the BVI with limited liability, together with its subsidiaries (the "Giant Goal Group")

On 6 January 2016 (the "Acquisition Date 2"), Amble Precious Holdings Limited, a wholly-owned subsidiary of the Company, acquired 100% equity interests of Giant Goal Group from an independent third party, Grand Castle Limited, a company incorporated in the BVI, at a consideration of HK$70,000,000, which was satisfied by the Company's issue of the promissory note. The acquisition will enable the Group to broaden its income based and to tap into the business of money lending and advisory services, which should be beneficial to the future growth of the Group.

18. **Business combination (Continued)**

(ii) Acquisition of Giant Goal Limited, an investment holding company incorporated in the BVI with limited liability, together with its subsidiaries (the "Giant Goal Group") (Continued)

The fair values of the identifiable assets and liabilities of Giant Goal Group as at the Acquisition Date 2 are as follows:

	HK$'000
	(Restated)
Cash and cash equivalents	3,764
Other receivables	1
Trade and other payables	(167)
Provision for tax	(3,038)
Fair value of net identifiable assets acquired	560
Less: Fair value of the consideration of the promissory note	(63,300)
Goodwill *(note 13)*	62,740
Analysis of cash flows on the acquisition	
Cash and cash equivalents in subsidiaries acquired	3,764
Net cash inflows arising from business combination	3,764

Notes:

(a) The goodwill arising from the acquisition of Giant Goal Group represents the synergetic effect by enabling the Group to provide advisory services to its clients in Hong Kong in more efficient and cost-effective manner by taking the advantages of Giant Goal Group's current client base of advisory services in Hong Kong.

(b) Giant Goal Group has contributed revenue of HK$31,531,000 and net profit of HK$25,674,000 to the Group since the Acquisition Date 2 to 30 June 2016. Had the acquisition occurred on 1 July 2015, consolidated revenue and consolidated profit for the year would have been HK$109,637,000 and HK$56,190,000 respectively.

19. Assets acquisition through acquisition of a subsidiary

On 8 August 2016, Giant Goal Limited, a wholly-owned subsidiary of the Company, acquired entire equity interests in Create World Enterprises Development Limited ("Create World"), a company engaged in holding a motor vehicle and vehicle registration mark and Create World is the registered and beneficial owner of motor vehicle and vehicle registration mark, at a cash consideration of approximately HK$1,312,000. By analysing the inputs, process and outputs of the Company, the underlying set of assets acquired was not integrated in forming a business to generate revenues. As such, the directors are of the opinion that the acquisition of Create World was a purchase of net assets which did not constitute a business combination for accounting purpose. The transaction was completed on 8 August 2016 and Create World became a subsidiary of the Group accordingly.

The assets acquired and the liabilities recognised at the date of acquisition were as follows:

	Acquiree's carrying amount	**Fair value**
	HK$'000	*HK$'000*
Property, plant and equipment	110	110
Intangible asset	1,202	1,202
Fair value of net identifiable assets acquired	1,312	1,312

	HK$'000
Analysis of cash flows on the acquisition	
Purchase consideration settled in cash	1,312

20. Share capital

	2017		2016	
	Number of shares		Number of shares	
	'000	***HK$'000***	*'000*	*HK$'000* (Restated)
Authorised:				
Ordinary shares of HK$0.01 each	**20,000,000**	**200,000**	20,000,000	200,000
Issued and fully paid:				
Ordinary shares of HK$0.01 each				
At beginning of the year	**3,201,500**	**32,015**	3,201,500	32,015
Share placing *(note)*	**640,000**	**6,400**	–	–
At end of the year	**3,841,500**	**38,415**	3,201,500	32,015

Note:

On 1 December 2016, the Group entered into a placing agreement to place a maximum number of 640,000,000 shares at a price of HK$0.1 per share.

On 16 December 2016, the Group completed the placing of new shares, in which 640,000,000 share were placed at HK$0.1 per share. The closing price was HK$0.144 per share which quoted on the Stock Exchange on the date of placing of new shares. The cash proceeds which net of share placing expenses of approximately HK$62,375,000 were raised and an amount of HK$55,975,000 was credited to share premium.

MANAGEMENT DISCUSSION AND ANALYSIS

The following sections provide a detailed review and analysis of the results and segmental performance of the Group for the financial year ended 30 June 2017.

BUSINESS AND FINANCIAL REVIEW

We are principally engaged in three business segments, namely (i) money lending represent provision of credits (ii) advisory services include provision of consultancy services and company secretarial service and (iii) investment management services to investment funds and managed accounts. The current status of our business segments is shown as follows:

Continuing operation

During the year, the Group recorded a revenue of approximately HK$53,570,000 (2016: HK$31,531,000) representing an increase of 69.9% as compared to that in previous year. The newly acquired investment management business contributed approximately HK$12,135,000 and the money lending and advisory business contributed approximately HK$14,680,000 and HK$26,755,000 respectively (2016: HK$4,246,000 and HK$27,285,000). The turnover of money lending business is increased because of the increased interest income.

The staff costs for the year were approximately HK$3,140,000 (2016: HK$3,790,000), representing a decrease of approximately 17.2% as the number of staff is dropped.

The other operating expenses for the year are approximately HK$10,109,000 (2016: HK$1,942,000), representing an increase of approximately 420.5%. The increase is due to the increase in other operating expenses incurred from the newly acquired investment management services.

The Group recorded approximately HK$24,958,000 non-capitalized finance costs during the year. (2016: HK$3,609,000)

Discontinued Operations

The Group recorded a profit of approximately HK$41,023,000 (2016: loss of approximately HK$101,599,000) because a disposal gain of approximately HK$48,884,000 was recorded from the disposal of the Diamond Globe Group.

Profit for the Year

As a cumulative effect of the foregoing factors, the Group recorded a profit before income tax from continuing operation of approximately HK$15,363,000 for the year ended 30 June 2017, compared to approximately HK$22,190,000 in previous year.

In line with the decrease in taxable profits, income tax expenses decreased to approximately HK$1,401,000 for the year ended 30 June 2017 from approximately HK$5,124,000 in previous year.

As a result, the Group had recorded a profit after tax after including the profit from discontinued operations of approximately HK$54,985,000 for the year ended 30 June 2017 (2016: loss of approximately HK$84,533,000).

Liquidity and Financial Resources

Reference to note 2 of the announcement, the Group generally finances its operation with internally generated cash flow except for the revolving loans provided by the independent third parties. As at 30 June 2017, the cash and bank balances of the Group amounting to approximately HK$5,729,000 (2016: HK$21,345,000). Although, there are net current liabilities of the Group amounted to approximately HK$271,448,000 (2016: net current asset of approximately HK$37,376,000) the Company has adequate loan facilities to support the operation.

As at 30 June 2017, the Company acted as a guarantor for one of its subsidiaries, Amble Precious Holdings Ltd, and entered into a loan agreement for a revolving loan facility in the principal sum of HK$450,000,000 (2016: Nil).

Charges on the Group's Asset

As at 30 June 2017, the Group did not have any charges on its assets. (2016: the shares of one of the subsidiaries, Giant Goal Limited, was pledged to Grand Castle Limited as a collateral of promissory notes issued in respect of the disclosable transaction published on 4 January 2016 and the shares of one of the subsidiaries, Gold Smart was pledged to the lender as a collateral in order to obtain the loan for expanding the money lending business (collectively, the "Pledge"). The Company has settled the said promissory notes and loan in January 2017. The Pledge has been released, reassigned and discharged completely in January 2017).

Gearing Ratio

The Group expresses its gearing ratio as a percentage of other borrowings and long term debts over total assets. As at 30 June 2017, the gearing ratio as a percentage of other borrowings over total assets was 62.8% (2016: 57.0%).

Treasury policies and capital structure

Any surplus funds derived from operating activities will be placed in bank accounts which secures the Group's liquidity position in meeting its daily operating needs.

Placing of shares under general mandate

Reference is made to the announcement of the Company dated 1 December 2016. The Company placed 640,000,000 new placing shares at a price of HK$0.1 per placing shares under the general mandate. The placement has been completed on 16 December 2016.

The proceeds of placement has been used for re-paying HK$70,000,000 to settle the promissory notes from the acquisition of subsidiaries related to money lending and consultancy service business on 6 January 2016.

Exposure to exchange rate risks

For the year ended 30 June 2017, the Group's principal business from the continuing operations was transacted in HK$, and in order to minimise the impact of fluctuations of exchange rate of RMB against HK$ the Board had changed the functional currency and presentation currency of the Company from RMB to HK$ this year.

Contingent liabilities

As at 30 June 2017, the Group did not have any significant contingent liabilities (2016: Nil).

Employee information

For the year ended 30 June 2017, there are around 10 staff and the staff cost, excluding directors' remuneration, amounted to HK$1,863,000 (2016: HK$1,554,000) from the continuing operations. The employee remuneration was commensurate with individual performance and experience and subject to the periodic review of the senior management of the Company.

In order to maintain the standard of the Group's services and for purpose of staff development, the Group provided comprehensive training programs for its staff.

SIGNIFICANT INVESTMENT, MATERIAL ACQUISITION AND DISPOSAL

Disposal

Reference is made to the announcements of the Company dated 20 September 2016 and the circular dated 6 October 2016 in relation to the disposal of subsidiaries. The Company, as vendor, and Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to dispose of and Dream Star International Limited, which is wholly-owned by Mr. Wang Linjia, a substantial shareholder of the Company has conditionally agreed to acquire all Shares of Diamond Globe Investments Ltd., the wholly-owned subsidiary of the Company, and its subsidiaries (the "Diamond Globe Group") and the entire amount due from the Diamond Globe Group to the Company at completion of the Disposal at the Consideration of HK$100,000,000 (the "Disposal"). The Disposal has been completed on 28 October 2016.

Acquisition

Reference is made to the announcement of the Company dated 2 April 2017. The Company and Novel Shine Limited, a company incorporated in the British Virgin Islands with limited liabilities (the "Vendor") entered into the Sale and Purchase Agreement, pursuant to which the Company has conditionally agreed to purchase, and the Vendor has conditionally agreed to sell 51% of shares of the Ultra Rich Global Limited at a consideration of HK$170,000,000. The principal activity of the Ultra Rich Global Limited and its subsidiaries is to be conducted by TAR Fund Management (Cayman) Limited (being a wholly-owned subsidiary of Ultra Rich Global Limited), a fund investment manager which derives income from fund management fees, consultancy fee, administration fee and/or performance fee. The transactions has been completed on 12 April 2017.

Investment

Reference is made to the announcement of the Company dated 2 May 2017. A wholly-owned subsidiary of the Company entered into the subscription agreements with the TAR Opportunities Fund SPC, an exempted company incorporated with limited liabilities and registered as a segregated portfolio company under Company Law of the Cayman Islands to subscribe for the participation shares in the funds amounting HK$140,000,000. The funds are under the management of the Group and from which the Group earns fees from the provision of fund management services. The subscription has been completed on 5 May 2017.

After the disposal and acquisition of business mentioned above, we are currently principally engaged in three business segments, namely (i) money lending; (ii) advisory services including provision of consultancy services and company secretarial services; and (iii) investment management services to investment funds and managed accounts.

EVENTS AFTER THE REPORTING PERIOD

Save as mentioned elsewhere in this announcement, there was no other significant event after the reporting period up to the date of this announcement.

BUSINESS OUTLOOK

We are currently principally engaged in three business segments, namely (i) money lending represents, provision of credits; (ii) advisory services includes provision of consultancy services and company secretarial services and (iii) investment management services to investment funds and managed accounts.

Money Lending

Money lending represents, provision of credit, business will continue to be one of the major business segments of the Group and contribute stable interest income to the Group. The Group will further develop this business segment, diversify the customer portfolio and seek new opportunities to cooperate with its business partners. The interest income increased by approximately 245.7% from approximately HK$4,246,000 in prior year to approximately HK$14,680,000 in current year.

Compliance with Money Lenders Ordinance

Our Group is required to and has, at all time, strictly complied with all relevant laws and regulations. In the opinion of our Directors, in addition to the Listing Rules, Money Lending Ordinance (“MLO”) constituted a significant influence on our Group’s money lending business during the year.

The MLO is the principal statute which governs the money lending business in Hong Kong. Our money lending business has been conducted through the subsidiaries of our Company, Gold Smart. Since the first granting of money lenders licence to Gold Smart, we have never received any objection from and have never been investigated by the Registrar of Money Lenders nor the Commissioner of Police regarding the renewal of the money lenders licence. During the year, the money lenders licence of Gold Smart Finance Ltd. was successfully renewed on 21 November 2016, and subsequent to 20 November 2017.

To the best of our knowledge, our Group has complied with the MLO in all material aspects, and that our Directors did not aware of any matter that might come to their attention that our money lenders licence would be suspended, terminated or would not be renewed in foreseeable future.

Since 1 December 2016, to combat the problem of illegal and unreasonable fees charged to borrowers by fraudsters who claim themselves as financial intermediaries for money lending, the Hong Kong Government has imposed additional licensing conditions on money lenders to (i) facilitate effective enforcement of the statutory ban on separate fee charging by money lenders and their connected parties; (ii) ensure better protection of privacy of the intending borrowers; (iii) enhance transparency and disclosure; and (iv) promote the importance of prudent borrowing.

Unlike other market players in money lending industry, we do not place substantial reliance on financial intermediaries to refer loan business to our Group. Further, to the best of our knowledge, our Group has complied with these additional licensing conditions in all material aspects, and that our Directors were not aware of any matter that might come to their attention that our money lenders licence would be suspended, terminated or would not be renewed in the foreseeable future because of these additional licensing conditions.

We have also assessed and are of the view that these new additional licensing conditions in connection with financial intermediaries have created minimal impact on our money lending business. Even when financial intermediaries were to be appointed, we would carefully and cautiously select these financial intermediaries and we would strictly follow those requirements under the new additional licensing conditions so that we could provide reliable and legal loan products to our customers. Our Group will continue to co-operate with the government and other authorities in order to fight against such illegal financial intermediaries and to uphold the reputation of financial institutions and money lenders.

Last but not least, to finance our money lending business, we shall continue to source different financial resources to maintain our cost of funding and net interest margin at a justifiable level. We are confident in our business diversification and expansion and the growth of interest income and its yield that will create sound financial results and performance for our shareholders and stakeholders in years to come.

Advisory Services

The Group has successfully identified a group of corporate clients and has been delivering on-going advisory services includes provision of consultancy services and company secretarial services. With the mission to be one of the prestigious consultancy firms in the industry, the Group strives to help its clients to achieve strategic goals and enhance corporate efficiency, performance and value and to improve its prevailing performance and position. The advisory service income is stable and recorded approximately HK$26,755,000 in 2017 to approximately HK$27,285,000 in 2016.

Investment Management Services

The Group has provided an investment management services to investment funds and managed accounts. It manages funds with a total assets under management of more than HK$2,300,000,000. Major funds include (i) TAR Private Equity Fund L.P.; (ii) TAR Capital Fund SPC and (iii) TAR Opportunities Fund SPC. The management fee income recorded HK$12,135,000 for the year (2016: Nil).

(i) TAR Private Equity Fund L.P.

TAR Private Equity Fund L.P. is an exempted limited partnership established in accordance with the Exempted Limited Partnership Law, 2014 of the Cayman Islands.

The purpose of TAR Private Equity Fund L.P. is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by its general partner that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors with parameters as set out in the relevant limited partnership agreement. The investment can be in form of equity investments and/or debt instruments.

(ii) TAR Capital Fund SPC

TAR Capital Fund SPC is an exempted company with limited liability and registered as a segregated portfolio company in the Cayman Islands. TAR Capital Fund SPC currently establishes a segregated portfolio called TAR Growth Fund SP.

The purpose of TAR Growth Fund SP is to achieve capital appreciation over time, primarily through long and short investments in stocks, futures and options contracts on global equity and derivatives markets. TAR Growth Fund SP relies on a structured investment process that utilises proprietary stock screening tools, a specialised knowledge database, rigorous company analysis through customised financial models and strict risk management guidelines.

(iii) TAR Opportunities Fund SPC

TAR Opportunities Fund SPC is an exempted company incorporated with limited liability and registered as a segregated portfolio company in the Cayman Islands. TAR Opportunities Fund SPC currently establishes three segregated portfolios called TAR High Value Fund SP, TAR High Value Fund SP II and TAR High Value Fund SP III.

The purpose of TAR High Value Fund SP is to carry on the business of investing, holding, monitoring and realizing investments made with the principal objective of achieving a high rate of return through capital appreciation through investments identified by its directors that operate in or derive significant business opportunities from the financial services, natural resources and/or property investments sectors. The investment can be in form of equity investments and/or debt instruments including but not limited to convertible or exchangeable bonds, notes and debentures.

The purpose of TAR High Value Fund SP II and TAR High Value Fund SP III is to carry on the business of investing, holding, monitoring and realizing private debt investments made to entities identified by their directors, which are engaged in financial services, natural resources and/or property investment and development, with the objective of seeking fixed income returns with a reasonable degree of security. The investments may be secured or unsecured and may be in the form of loans originated by the portfolio, existing loans or interests therein purchased by the portfolio, or may also be in form of debt instruments including but not limited to bonds (including convertible or exchangeable bonds), notes and debentures.

Conclusion

The Board believes that the money lending industry will provide the Group an opportunity to obtain a higher return under the current low interest rate environment and will generate satisfactory revenue for the Group. The Group is optimistic that the money lending and advisory services business will have positive gross profit and will generate positive cash flow from operations.

Hong Kong is a major regional fund management centre with a large concentration of international fund managers in Asia. Hong Kong's fund management industry has developed a strong expertise of investing in Asia, in particular the Chinese Mainland. The Board believes that the market of fund management is very large. Many and many investors shop around the different multi-asset solutions to meet their needs. The Company are planning to offer more diversified investments products in the future and give more different products in the market in order to attract more potential investors.

FUTURE PLANS FOR MATERIAL INVESTMENT OR CAPITAL ASSETS

It is the Group's corporate mission to continue to explore ways to improve its financial performance, to diversify its operations into new and more profitable businesses and to broaden the sources of revenue within acceptable risk level. Hence, the Company does not rule out the possibility of investing in or changing to other profitable business as long as it is in the interest of the Company and the Shareholders as a whole. Also, as part of its routine exercise, the Company reviews the performance of its existing investment portfolio and evaluating the investment potentials of other investment opportunities available to the Company from time to time. Subject to the results of such reviews, the Company may make suitable investment decisions according to the then circumstance and information available which may involve the disposal of the whole or part of its existing investment portfolio and/or change of the asset allocation of its investment portfolio and/or expanding its investment portfolio with a view of realising and/or optimizing the expected return and minimising the risks. Meanwhile, the Company does not preclude the possibility that the Company may implement debt and/or equity fund raising plan(s) to satisfy the financing needs arising out of any business development of the Group as well as to improve its financial position in the event that suitable fund raising opportunities arise, as the Company has from time to time been approached by investors for potential investment projects.

DIRECTOR'S AND CHIEF EXECUTIVES' INTERESTS AND SHORT POSITIONS IN SHARES, UNDERLYING AND DEBENTURES OF THE COMPANY OR ANY ASSOCIATED CORPORATION

As at 30 June 2017, except for the disclosed above, none of the Directors or their respective associates had any interests or short positions in the shares, underlying shares or debentures of the Company or any of its associated corporation (within the meaning of Part XV of the SFO) which would have required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provision of the SFO) or which were required to be kept under Section 352 of the SFO or as otherwise notified to the Company and the Stock Exchange pursuant to the required standards of dealings by Directors of the Company.

SUBSTANTIAL SHAREHOLDERS AND OTHER PERSONS' INTERESTS AND SHORT POSITION IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

A. Substantial shareholders

So far as is known to the Directors, as at 30 June 2017, the persons, other than a director or chief executive of the Company, who had an interest or short position in the shares and underlying shares of the Company as recorded in the register required to be kept under Section 336 of the SFO and who were, directly or indirectly, interested in 10% or more of the shares were as follows:

Name	Number and class of securities	Capacity	Approximate percentage to the issued share capital of the Company
Dream Star International Limited ("Dream Star") *(Note)*	877,685,714 ordinary shares	Beneficial owner	22.85%
Kiyuhon Limited ("Kiyuhon") *(Note)*	877,685,714 ordinary shares	Interest of controlled corporation	22.85%
Mr. Wang Linjia ("Mr. Wang") *(Note)*	877,685,714 ordinary shares	Interest of controlled corporation	22.85%

Note: The 877,685,714 shares are registered in the name of Dream Star, which are wholly owned by Mr. Wang. Accordingly, Mr. Wang is deemed to be interested in all the shares in which Dream Star, and Kiyuhon are interested pursuant to the SFO.

B. Other persons whose interests are recorded in the register required to be kept under Section 336 of the SFO

As at 30 June 2017, the Company has not been notified of any other person (other than a director or the chief executive of the Company) having an interest or short position in the shares or the underlying shares of Company representing 5% or more of the issued share capital of the Company.

BOARD PRACTICES AND PROCEDURES

The Company has complied with Board Practices and Procedures as set out in Rule 5.34 of the GEM Listing Rules for the year ended 30 June 2017.

CORPORATE GOVERNANCE

For the year ended 30 June 2017, the Company complied with the provisions set out in Appendix 15 of the Code on Corporate Governance Practice of the Rules Governing the Listing of Securities on the GEM ("GEM Listing Rules") of the Stock Exchange, save as the following deviation.

Chairman and Chief Executive Officer

The Company has not yet adopted A.2.1. Under the code provision A.2.1 of the CG Code, the roles of Chairman and CEO should be separated and would not be performed by the same individual. The division of responsibilities between the Chairman and CEO should be clearly established and set out in writing.

The Company does not presently have any officer with the title CEO. At present, Mr. Liu Tin Lap, being the Chairman and Executive Director of the Company, is responsible for the strategic planning, formulation of overall corporate development policy and running the business of the Group as well as the duties of Chairman. The Board considers that, due to the nature and extent of the Group's operations, Mr. Liu is the most appropriate chief executive because he is experienced in management as well as mergers and acquisitions and other key corporate matters and will be able to help the sustainable development of the Group. Notwithstanding the above, the Board will review the current structure from time to time. When at the appropriate time and if candidate with suitable leadership, knowledge, skills and experience can be identified within or outside the Group, the Company may make the necessary amendments.

CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS

The Company has adopted a Code of Conduct for Securities Transactions by directors of the Company ("Code of Conduct") on terms no less exacting than the required standard of dealings as set out in Rules 5.48 to 5.67 of the GEM Listing Rules. Having made specific enquiry, all the directors have confirmed that they have complied with such Code of Conduct regarding securities transaction by the directors throughout the year ended 30 June 2017.

Specific employees who are likely to be possession of unpublished price-sensitive information of the Group are also subject to compliance with the same Code of Conduct. No incident of non-compliance was noted by the Company for the year ended 30 June 2017.

COMPETING BUSINESS

None of the Directors or the management shareholders of the Company (as defined in the GEM Listing Rules) has an interest in a business which competes or may compete with the business of the Group.

PURCHASE, SALE OR REDEMPTION OF SECURITIES

Save as mentioned elsewhere in this announcement, neither the Company nor any of its subsidiaries purchased, sold or redeemed any other of the Company's listed securities during the year ended 30 June 2017.

AUDIT COMMITTEE

As required by Rules 5.28 of the GEM Listing Rules, the Company has established an audit committee which comprises three independent non-executive directors, Mr. Chan Ngai Sang, Kenny, Mr. Nguyen Van Tu Peter and Dr Cheng Chak Ho. Mr. Chan Ngai Sang, Kenny was appointed as the Chairman of the audit committee. The audit committee meets with the Group's senior management and external auditors to review the effectiveness of the internal control systems. This announcement has been reviewed and approved by the audit committee of the Company which was of the opinion that the preparation of such results complied with applicable accounting standards and the requirements and that adequate disclosures have been made.

SCOPE OF WORK OF BDO LIMITED ON THIS PRELIMINARY ANNOUNCEMENT

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of comprehensive income, consolidated statement of changes in equity and the related notes thereto for the year ended 30 June 2017 set out in this preliminary announcement, have been agreed by the Group's auditor, BDO Limited ("BDO"), to the amounts set out in the Group's audited consolidated financial statements for the year ended 30 June 2017. The work performed by BDO in this respect did not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the HKICPA and consequently no assurance has been expressed by BDO on this preliminary announcement.

CLOSURE OF REGISTER OF MEMBERS FOR ANNUAL GENERAL MEETING

The register of members of the Company will be closed from Thursday, 9 November 2017 to Tuesday, 14 November 2017 (both dates inclusive). In order to determine the shareholders who are entitled to attend and vote at the Annual General Meeting, all transfers accompanied by the relevant share certificates and transfer forms must be lodged with the Company's branch share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at 46/F, Hopewell Centre, 183 Queen's Road East, Hong Kong by not later than 4:00 p.m. Wednesday, 8 November 2017.

APPRECIATION

On behalf of the Board, I wish to extend my appreciation to our valuable shareholders, clients, business partners and alliances for their ongoing support, and to every staff and management for their work and dedication throughout the year.

By Order of the Board
Combest Holdings Limited
Liu Tin Lap
Chairman

Hong Kong, 29 September 2017

As at the date of this announcement, the Board is composed of Mr. Liu Tin Lap and Mr. Lee Man To as executive Directors, Mr. Chan Ngai Sang, Kenny, Mr. Nguyen Van Tu, Peter and Dr. Cheng Chak Ho as independent non-executive Directors.

This announcement will remain on the GEM's website at www.hkgem.com on the "Latest Company Announcement" pages for 7 days from the date of this posting and the website of the Company at http://www.irasia.com/listco/hk/combestholdings/index.htm.